The Casualty & Surety Journal

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Let's Celebrate A Birthday

By CHARLES S. COOPER

A GREAT DEAL is being said, and more is being written, about multiple line underwriting. In the years to come, policies which provide broad, complete protection will become increasingly popular and the order of the day. In a very real sense this is all quite new. Nevertheless, for several years casualty companies and their producers have had an opportunity to sell a truly broad, comprehensive insurance policy.

The comprehensive dishonesty, disappearance and destruction policy, while not the first policy to combine under one cover several forms of protection, was certainly an innovation in that it made available in one "package" needed forms of insurance to commercial business. Banks, brokerage houses and certain other classes had been able to buy broad "package" protection for many years before the introduction of the 3-D policy. However, until the advent of this policy, merchants, manufacturers, colleges and others could not buy

The author—Mr. Cooper is fidelity manager of the National Surety Corp. He entered the insurance business in 1927 as an apprentice safety engineer, and has had broad experience as an underwriter, claims adjuster, salesman, teacher and, in recent years, in agency work. An interest in the sale of fidelity and burglary insurance, led to his transfer to New York in 1939, and for the next several years he was sales manager for these lines. He joined the National Surety's agency department in 1943 and was appointed to his present position in May 1950.

in one policy, broad protection at needed limits against certain important hazards. This statement is not intended to imply that this policy is a "multiple line policy" in the sense in which this term is being used today. Nevertheless, the fact that it is now an established success, even though involving different underwriting problems and entailing the supervision of two rating bureaus, can undoubtedly furnish valuable experience and tested procedure for multiple line policymakers and underwriters.

An Important Birthday

Recently the 3-D policy celebrated a very important birthday. It was born July 1st, 1940, and it is now ten years old. The observance of birthdays is always fitting, but it is especially fitting to mark "decade" birthdays. It is proper and advisable to look back, for just a moment, at what has transpired. By so doing, we may make each year of the new decade better than the one that has gone before.

The 3-D policy has come a long way. Its infancy was not entirely pleasant. While the need for the policy had existed a long time, once issued, it was so wrapped in rules and restrictions that producers did not take to it readily. Only larger risks with scattered locations and high exposures were interested in it. Its growth, therefore, was slow. But those who were nurturing the "baby" learned more and more, and as its age increased, its attraction grew. It gradually came to service the needs of insurance buyers, small as well as large. Today, although not yet matured, the policy stands on the threshold of greater success than ever. Today, no policy in our business has the tested flexibility of the comprehensive 3-D. Agents who recognize this fact are finding considerable success selling it to an increasing number of prospects.

One company reports an increase of over 20 percent in the number of policies in force during the year ending June 30th. Even though the premium increase during this period was only 5 percent it is in the right direction. The only disturbing feature of this company's study is the decrease in the premium for Insuring Agreement V. There has been no reduction in the number of forgeries committed. As a matter of fact, in recent months there have been some rather substantial forgery losses. The need for Insuring Agreement V protection should be emphasized more than ever.

A Vast Market

Although the policy has become increasingly popular and the number written by all companies has

risen, there still remains a vast market for this form. Surprisingly enough, many businesses, very modern in every other way, still purchase schedule fidelity protection and limited forms of burglary and robbery insurance. Producers have an obligation to each client to present the advantages of the comprehensive 3-D policy. The advantages of blanket fidelity protection have been explained many times. The breadth of protection provided in Insuring Agreements II and III has been recognized for several years. Perhaps, however, the advantage of having blanket fidelity protection and broad form money and securities protection in one policy is still not recognized sufficiently. The elimination of loopholes between the forms of protection applicable to losses caused by crime is extremely important. This may be brought about completely and safely only through the use of the comprehensive 3-D policy written to include all 11 insuring agreements applicable, and in adequate amounts.

A survey or analysis of exposures is common practice in the fire insurance field. An inspection and study of hazards is the usual thing in workmen's compensation insurance. Considering some of the catastrophic losses caused by dishonesty and burglaries or robberies which have occurred in recent years, the need for an analysis of the exposure to crime losses becomes important for every business. Too frequently is a blanket fidelity bond written for the minimum limit, and too often do we permit an insured the false confidence of minimum premium burglary and robbery policies. In al-

Charles S. Cooper

most every other line, it is a well recognized principle that the insured, if a successful concern, could absorb what may often be considered "normal" losses. Higher limits are purchased in fire, public liability and other forms because of the catastrophe loss possibilities.

The fact that catastrophe does strike through crime is attested by

our daily papers. It would seem easy, therefore, for a producer to demonstrate to a client the need for an analysis of crime exposures. The producer who takes the time to ask intelligent, searching questions about the various phases of money handling, the method of security transactions and the protection of merchandise, will find himself well repaid. The average businessman is very willing to discuss crime losses and crime exposures. It is a fascinating subject.

Study Common Hazards

It is recommended that detailed study be made of the common hazards. An examination of the agent's own business system and methods will disclose many. Armed with this knowledge a series of questions can be prepared. These should be so phrased that three things will be accomplished: (1) the prospect will think objectively about his hazards (and recognize the need for insurance), (2) the salesman will not overlook an exposure and thereby fail to insure it and (3) the necessity for adequate limits will be obvious to both. Among the questions which should be included are—What is the maximum cash on hand at any one time? How much is actually kept on the premises overnight? How is it protected? Where are securities kept? Who handles the mail? Is countersignature required on all checks? These are but a few of the questions which should be asked throughout the analysis. The agent will know best which questions to ask, how to phrase them and in what order. It is suggested that a formal questionnaire for this purpose be avoided. Many businessmen freeze up when confronted by anything which appears to pry into their business affairs. This is particularly so if it looks formidable. The use of a "check list," however, will be helpful. It will enable the producer to cover the subject thoroughly without arousing resentment.

Higher Limits Needed

The recent fidelity experience of all companies furnishes an excellent example of the need for increased limits. Whether the fidelity claim frequency of all companies follows the same pattern is not known, but one company reports a decrease in frequency over the past 10 years of approximately one third. However, during this same period the report shows an increase in severity of nearly 100 percent. The average claim amount increased 165 percent. Surely the figures indicate the necessity for a studious investigation of exposures and a much greater effort to sell higher limits. All companies will gladly furnish facts about dis-

Three burglaries, robberies or thefts every minute . . .

honesty claim frequency and interesting stories about large losses. Of even greater interest are the stories of losses where the applicable limit was too low. These can be dramatized. Certainly no buyer will knowingly purchase partial insurance. No agent wants to sell it. Working together they can arrive at a reasonable limit, which will be substantially higher than originally thought in nearly every case. As is true in almost any other form of insurance the cost of higher limits is nominal, but whether or not this were so, high limits should be *sold*. It is far better to have a high limit and not need it all when the loss occurs, than to find the financial structure of the business placed in jeopardy as a result of a substantial loss inadequately cov-

ered in order that a few dollars of premium might be saved.

The hazards of burglary, robbery, mysterious disappearance, destruction and forgery, against which protection is provided in Insuring Agreements II, III, and V, also call for a careful study. The Uniform Crime Reports are proof enough that the protection afforded by these insuring agreements is as necessary as fire insurance. Last year, according to these reports, there were nearly 1,600,000 burglaries, robberies and thefts, or, to be more graphic, *three* every minute. It is important to bear in mind that these figures do not include thousands of embezzlements, forgery and other losses. With all of our public safety, and other forms of protection, the fact that three of these crimes can occur every minute should be sufficient in itself to demonstrate the need for premises and outside broad form protection. However, as with fidelity protection, it is the duty of producers to provide adequate insurance against the maximum exposure possible. Some of the questions which should be asked have already been mentioned. Good service to the insured will include a careful survey of his risk. A great many comprehensive 3-D policies are written on a three-year basis. Many, therefore, were effective before much of the inflation in values occurred. A re-examination of the limits of these policies is essential. Insureds will welcome this service and will appreciate the agent's interest. It is well to bear in mind when examining the limits of Insuring Agreement V (forgery of out-going instruments) that this insuring clause actually includes additional fidelity protection at a low rate.

Use Local Papers

All companies gladly furnish agents with material necessary to present the subject of comprehensive protection against crime losses. Producers should, however, arm themselves with additional information and one of the best sources is the local newspaper. It is not necessary to confine oneself to the use of one local paper, since losses occurring in cities and towns within a reasonable distance will create interest very nearly as great.

Business need not look beyond the 3-D policy for complete crime insurance. Many times we have overlooked what may be considered some of the "hidden values" of the 3-D policy. When the policy was first drafted and rates for it were promulgated it was considered a luxury line by many producers. Consequently, not too many were sold. When it became possible to sell the policy to average-size business concerns, sales in-

creased and they are still going up. They could be even greater if the entire array of available coverages were put on display by every producer for every client. Producers might well ask themselves how many comprehensive 3-D policies now on their books include open stock burglary insurance or broad form payroll protection. Many business concerns have a great deal of their assets tied up in inventory of valuable merchandise. Such merchandise is often well protected against loss by fire. The burglary frequency, however, is many times the fire frequency. Every client, therefore, should be impressed with the necessity for open stock burglary insurance. The open stock section of the burglary manual will provide some very fine sales material. The rates are based on classes of merchandise, protection of the more valuable requiring higher rates. This in itself may be sufficient to demonstrate the hazardous nature of the inventory. The coinsurance requirements shown in the manual, if properly used, will help sell adequate limits. Many companies still pay their employees in cash, and frequently the real cash exposure is payroll money, one day a week. Such a concern is an ideal prospect for specific payroll protection both inside and outside the premises. This is a valuable form of insurance which can and should be included in the comprehensive 3-D policy. Because the policy is flexible and can embrace many hazards, it will undoubtedly be extended from time to time to provide protection against new hazards as they become known.

LET'S CELEBRATE!

It isn't easy to suggest how best to celebrate the birthday of an insurance policy, but this is a special policy, whose birthday deserves commemoration. Because it is a policy which will respond to molding, the producer can truthfully tell a buyer that this is one policy which can be made to fit his particular requirements. It is a policy whose adaptability can be clearly demonstrated once the time has been taken to investigate, study and calibrate the risks. It might be appropriate to celebrate the birthday of the big 3-D policy by knowing the coverage better, recognizing hazards more clearly, and doing a complete job of crime protection for every risk. No better birthday tribute could be paid than to make every 3-D sold in the future a *real* "package" policy.

. . . Automobile

Opportunist. A motorist with a trailer attached to his car, lost a wheel off the trailer, watched it roll into the hands of a stranger who quickly loaded it into his own car and drove away (Pacific Beach, Calif.) . . . **Soundings.** A motorist driving through a heavy downpour decided the weather was getting a bit too thick when his windshield wiper failed to keep the glass clear. He stopped his car to investigate, found himself in a ten-foot lagoon from which he had to swim ashore (Belle Isle, Mich.).

. . . Burglary and Theft

Compromisers. In Pontiac, Mich., a woman informed police that when she told a burglar that she had no money in the house, he settled for a ham sandwich. . . . In Dallas, Tex., a man reported that two men who held him up accepted a $15 check in lieu of cash. **Explanations.** In Coeur d'Alene, Ida., a thief who admitted stealing a car from a public garage explained he had "just got tired waiting for a bus." . . . In Lille, France, a thief charged with stealing 29 automobiles in six months explained he "just wanted to learn how to drive." . . . In Knoxville, Tenn., a man was indicted for stealing a 100-lb. sack of flour, despite his explanation that "somebody must have put it on my back." . . . **Disguise.** A holdup man who got a plastic surgeon to remodel his face so as to keep police off his trail, was nevertheless quickly caught and jailed. He had neglected to have a tattoo reading "True Love to Mother" removed from his arm (Brooklyn, N. Y.).

. . . Personal Property

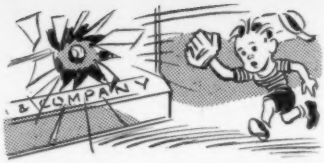
Big Bite. In Newark, N. J., police were looking for the owner of a set of false teeth which were found firmly embedded in the trunk of a tree.

. . . Miscellaneous

Squatters. A man who returned to his house after being evacuated by floodwaters, discovered that a family of beavers had built a dome-shaped residence in his living room (Pembina, N. D.) . . . **Maybe General Confusion.** University students eagerly chasing what they thought was their deodorized pet skunk, named General Sherman, discovered too late it was another skunk (Nashville, Tenn.).

. . . Surety

Contract Hazard. Coeds at two university dormitories were urged to stop sunbathing on balconies because they were causing steel workers to dawdle on the school's $8,000,000 building program (Dallas, Texas).



• *With loss frequencies high, glass insurance offers the producer opportunities for service to insureds which are matched by few other lines of insurance*

Glass Is a Good-Will Builder

By **H. J. McCLOSKEY**

GLASS INSURANCE this year is observing its 100th anniversary, the first policy, according to available records, having been written in 1850. (The first policy in the United States was written about 1865.) Aside from this fact, two recent developments make 1950 an especially appropriate year for a glance at the over-all picture in the glass insurance industry.

One of these developments is the recent agreement reached between casualty insurance companies and fire insurance companies providing extended coverage, as to the basis of loss settlement involving glass where there is overlapping coverage. This agreement has been made solely in the public interest and will eliminate entirely, or greatly minimize, controversy as to loss payment where a breakage—such as one due to windstorm—is covered by the glass policy and also by the extended coverage of a fire policy. Differences, if any, will be adjusted between the companies, and the policyholder will not be involved. The second development is the new glass policy which was announced for use on and after June 5 of this year.

This new policy, which will be in general use by all companies by the end of the year, is on a Standard Provisions basis, assuring producers and policyholders of uniformity of policy provisions and coverage. Since the prime objective of the new policy was clarifica-

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The author—**Mr. McCloskey is manager of the burglary and glass department of the Royal Liverpool Group. He started with the Globe Indemnity Company in the burglary department in 1919, later became superintendent of that department. Following coordination of the Eagle, Globe and Royal Indemnity Cos., he assumed his present duties as manager of the Group's combined burglary and glass department.**

tion and simplicity, it does not differ materially from its predecessor which has been in use for many years. A number of editorial changes have been made, and there have been some minor amendments in the contract, all of which are extensions rather than contractions of coverage.

Since its beginning in 1850, glass insurance has grown tremendously. The past few years especially have witnessed a heavy increase in production. Around the turn of the century, annual glass premiums in the United States totalled about $1,500,000. Today they are nearing the $30,000,000 mark.

Increased Use Probable

There is every indication that this growth will continue in the future. A few years ago not many people would have believed that glass would be as important a material in building construction as it is today. Modern architects are successfully using more and more glass in erecting offices and mercantile buildings as well as in homes. When we compare the increasing use of glass with its increased present-day costs, and consider it in relation to the current glass insurance premium volume, it should be apparent that a substantial increase in glass premiums will result.

Glass breakage is due to a great many causes, and the variety and complexity of the possibilities involved make glass risks perhaps less susceptible to the loss reduction work of engineers than other types of risks. A review of glass claims reveals that about 58 percent of all glass breakage is listed as "cause unknown." About 7 percent of losses are due to storm or wind. Other causes are burglary, vibration, playful children, stones from passing vehicles, automobile accidents, and expansion or contraction from heat or cold. Then there are occasional extensive losses caused by explosions, hurricanes, floods or earthquakes. These may damage glass over a large area and frequently destroy entire store fronts throughout a whole business district or shopping center.

The best recent example of this type of catastrophe is the South Amboy, N. J., explosion of last May. Other large losses within the past few years were the earthquake in Washington and Oregon in 1949, the Florida hurricanes of 1947 and 1949, the Texas City blast of 1947, the great Atlantic hurricane of 1944, the New York City Harlem riot of 1943, and the very costly Long Island-New England hurricane of 1938. There are still many glass underwriters who can remember the serious glass losses in the Wall Street bomb ex-

plosion of 1920, the Morgan, N. J., shell-loading plant explosion of 1917 and the Black Tom sabotage blast of 1916.

As in all forms of insurance, glass insurance is also subject to claims of a bizarre or unusual character. A recent example was the claim of a tavern for a front plate window smashed by a woman who heaved a rubbish can through it. Her explanation was that she became enraged when she saw her husband standing at the bar inside. Again, there was the claim of an upstate New York store. A deer had wandered into the shop through an open doorway, then chose to leave by the large plate glass front rather than retrace his steps.

Judged on its own merits, glass insurance has not been a profitable line for carriers in recent years, although the situation improved in 1949. In 1947, following the lifting of O.P.A. controls in November of the previous year, insurance companies sustained severe underwriting losses due to the tremendous increase in replacement costs. The net underwriting loss for most companies that year was more than 20 percent, while some companies which had a concentrated volume of insured risks in cities where replacement costs rose materially, suffered losses far in excess of this figure.

Although some improvement was recorded in 1948, and more in 1949, underwriters still find it necessary to maintain a cautious attitude. Loss costs are determined by the cost of glass and labor at the time of replacement, not at the time that the premium rates are fixed. These costs are subject to fluctuation, and generally in the past few years they have fluctuated upward rather than downward. It is impossible to calculate a year in advance what loss costs are going to be during the period of a policy. Cautious underwriters, therefore, are restricting their glass commitments to an annual basis and are not writing glass insurance for longer terms.

H. J. McCloskey

Causes of damage are many and various

Subrogation rights are not much help in glass insurance. Although they are incorporated into the policy, recovery is seldom effected. First of all, as we pointed out above, in nearly 60 percent of the glass claims the cause is "unknown." Secondly, where responsibility for the breakage can be placed, it often develops that the person concerned is not responsible financially. Hence, in all but a very few cases, the burden of the loss falls squarely on the carrier.

Although the loss frequency in this line may be a headache from an underwriting viewpoint, it is very valuable as far as production is concerned. It has been estimated that an average of one claim per year is presented for every three glass policies written. This means

that, on an average, every insured sustains a loss under his glass policy every three years. Naturally some risks have more losses and some have fewer than the average. Furthermore, it is rare that a total claim is entered on a glass policy; that is, it is seldom that all of the glass insured under one policy is broken. Nevertheless, this loss frequency is extremely high, and it offers opportunities for service to the insured which are matched by few other lines of insurance. Prompt payment of even relatively insignificant claims is deeply appreciated by the policyholder and helps cement good relations between him, his broker or agent and the carrier.

In addition, the glass insurance policy provides an important service, in that the insurance company, through its constant relations with glaziers, is familiar with the glass industry as it exists at all times. The company knows where to secure glass of unusual size and manufacture, and can therefore replace the broken glass efficiently and expeditiously.

Where there is lettering and ornamentation on show windows, agents should recommend insurance to cover. Naturally, when the glass is broken, the value of this lettering and ornamentation is lost and must be reproduced on the replaced window. The lettering and ornamentation is insured on a valuation basis and, like glass and most other commodities, these costs have greatly increased in recent years. Producers should therefore insure for present-day replacement costs and not continue on the basis of some value which may have been set years ago when costs were much lower.

Claims Quickly Settled

Premium rates for glass insurance more accurately reflect the individual risk hazard than most forms of insurance. The glass premium is based on the specific, described object in the policy. Rates for glass insurance are also more closely abreast of loss costs than most other forms of insurance, as experience figures are usually quickly available. Glass claims are generally settled within a few hours after a loss, and experience figures can be quickly assembled and applicable rates established on the basis of current experience and replacement costs, instead of having to await claim developments to determine the final loss costs.

Producers servicing their clients on an over-all insurance program should consider the value of the account to them and to the company, and submit a recommendation for glass insurance where, in their judgment, the risk should be insured and would be an acceptable risk to their company.

SMILE A WHILE

"Operator, I was talking to my wife when we were cut off—I just want to say thanks very much!"

"Oh, Morton! Heaney's drugstore had a sale on jelly beans again!"

• *The priceless ingredient in any business relationship is the seller's integrity and loyalty to the buyer's best interests—and this ingredient is a fundamental strength of the American agency system*

Personal Service Pays

By **HAROLD S. BOWEN**

I WANT to tell you about Joe Brown. Joe is purchasing agent for the Acme Manufacturing Company of Middletown—and he wants a new television set for his home. They are high-priced, and of course he would like to get one for as small an outlay of money as possible. As purchasing agent, Joe gets a few hundred thousand dollars of semi-finished materials each year from a mill supply agency in Chicago—and he believes they would send him a television set less the local dealer's margin and perhaps less the distributor's small handling charge. Naturally, he is tempted.

Joe knows he will have to pay the shipping charges, run the risk of damage and delay, hire a local radio repair shop to condition, adjust and install the set and perhaps have a furniture man unpack the crate and rub down the cabinet. Joe doesn't know anything about television, and surely the local dealer will show little interest in giving him the initial service he needs—and showing him how to properly operate the set. He wonders what difficulties he will have in getting a replacement from the manufacturer if this particular set is defective. Of course Joe cannot lose in dollars more than the total outlay for the set, but he will lose some good will by not dealing at home with his fellow townsmen.

As Joe has good business judgment, he buys the television set at home through regular channels. *He likes the plus values of the local dealer.*

Joe has always been a good citizen—and in making purchases

The author—**Mr. Bowen is president of The Bowen Co., a local agency in Norwalk, Ohio, in which he has been active since his discharge after World War I. He is also president of The Ohio Association of Insurance Agents, and is active in agents' association and community affairs.**

where the skill of the seller has been a vital part of the service, he hasn't wanted to stand the penalties of buying wholesale. He buys his suits from the local clothing store or home-town tailor who has the best fitter available, although he could get suits wholesale, too. The best recognized brands are always available through his Chicago contact. A short time ago Joe needed a new furnace, but he didn't buy it through Chicago, for he knew his local heating engineering firm would carefully analyze his home heating conditions, prescribe the proper type, install and balance the delicate heating mechanism and give him years of personal, instant service. He has decided the personal service connected with these tangible commodities is worthy of its hire. *He likes the plus values of the local dealers.*

When it comes to intangibles, Joe selects the best physician in town, the best investment counsel he can get, and a skilled local attorney for legal advice.

Joe also buys insurance—not only for himself and his family, but for his plant. He knows about the direct-writing companies because their representatives have called upon him. Does Joe fully realize, however, what his plant would lose if he were to turn over many of his lines of insurance to an out-of-town cut-rate company? Does he realize all of the *plus values* he is getting through his local agent, a real top-flight property insurance agent?

"Oh, yes," says Joe, "I know that Bill, my insurance agent, is a trained specialist in his line, that he knows the legal terminology of hundreds of insurance contracts, that he knows the best types of coverages available to fully protect our plant." Joe knows that his insurance agent is skilled in analyzing the soundness of companies, is thoroughly acquainted with the companies he will recommend—and with their adjustment practices. These are plus values for which Joe has some appreciation.

Some Other Plus Values

Joe may not have considered, however, other plus values when he buys from a well qualified agent in Middletown—an instant friend at time of loss, a constant, local adviser of the changing values both in his home and in his plant—and the new hazards to which the Acme Manufacturing Company may inadvertently become exposed. So, one day Joe calls his local agent and says, "Bill, we have a quotation on fleet automobile insurance for our salesmen from an out-of-town firm which would save us possibly 20 percent. What service is your agency giving us that should persuade our plant to pay you more for the same protection?" Bill comes

over in person and across the desk goes over some of the intangibles and some of the definite services he renders above and beyond what the cut-rater can offer and deliver.

"Now, Joe, as your local agent I represent great financial institutions. You know insurance is a large business—larger even than steel or automobile manufacturing. I am a Middletown citizen who can pledge hundreds of thousands of dollars of credit for you right this minute. If you authorize $20,000 of insurance on the contents of a new warehouse you have leased down on South Street, I simply say to you, 'It is bound'—and you are covered. If a loss should result tonight under one of the perils insured, my companies would pay you.

"You see, Joe, the priceless ingredient in any business relationship is the seller's integrity and loyalty to your best interests. Strange as it may seem, although I am known as an agent of my insurance companies, I am essentially *your* agent. I analyze your needs and at your instruction place insurance in the companies I represent, the insurance which you and I agree is necessary for your protection. My companies are financially sound and will accept all of your insurance orders given through me.

"To my years of experience and my training is added the loyalty to your best interests before the contract is recommended, in its placing and in its constant servicing. Joe, do you realize that I not only recommend that my companies trust you, but I vouch for you—even guaranteeing the payment of your account—and if you do not pay me in the first 30 days, I advance the money for you. The 24-hour service

Harold S. Bowen

you receive from the instant I bind the coverage must continue uninterrupted.

"The plus values you get from me as a resident insurance agent in your home town are not available at any price in any other place. If I let you down, if I should ever err in honest judgment, I might lose your business. I can't afford to

do that. The geography of my business area is restricted. No company or cut-rate outfit has such a practical motive. If any insurance company should lose your business, it is only one of many thousands of accounts, but I must live, eat and sleep fitfully, thinking of ways of protecting you and your business from loss."

Joe Brown appreciates these plus values rendered by his local insurance agent. He is a man of good business judgment—and, so far as he is concerned, Bill and the American agency system are safe from the inroads of the direct writer.

A Unique System

It is significant that our American agency system, really a resident agency system for the distribution of insurance protection, is found only here in North America where we have the greatest industrial and commercial expansion in the history of civilization. While it is said that the explorer was followed by the missionary and accompanied by the trader with the whiskey jug, commercial expansion awaited the risk assumption of insurance. The credit structure of the new world followed the development of insurance facilities.

In France and Germany there is no resident agency system. In England there exists only the solicitor and the company employee. The American resident agency system is the only insurance distribution plan where salesmen have the incentive to spread the use of insurance to every home and business in the land. This vast system, with its ownership of expirations and limitless incentive, has pressed every door bell and knocked on every commercial portal in the new world, spreading the use of insurance and paving the way for private enterprise venture-capital.

The Agent as Catalyst

Thus, the first plus value of the local agent shows him as a catalyst in the alchemy of free enterprise. He has made jobs and payrolls and has given peace of mind to millions of householders.

Because of its limitless opportunities, the American agency system has attracted the type of workman worthy of his hire—fine men and women who could and would have been successful in other chosen fields. This, I believe, produces plus value number two. It is these alert and capable agents in the field who have constantly sensed the buyer's need and helped create the demand for new types of coverage and special policies to meet the changing needs of business—and who have carried the message to Garcia not once, but many times, persistently and aggressively, until insurance company

Forty percent of businesses destroyed by fire are not re-established

management has offered the protection to meet these needs.

Plus value number three might well be the relationship of the local agent to the assured. Although legally the agent of an insurance company, some recent decisions have given the resident agent direct and personal responsibility for his acts to the assured.

Most agents have represented their insurance companies for many years, have learned the companies' methods of doing business and have retained only those which have acted in good faith toward them and their policyholders. It is easy for the local agent to detect the company which in time of loss is willing not only to give exact justice to the assured, but has a sense of fair dealing beyond the

point of the cold, legal phrasing of the contract. The representation of such companies—and they are many—promotes confidence between agent and assured. Proper company representation is most important, because the agent acts for the assured when he places business with his companies. As far as the assured is concerned, he usually shows little or no interest in the names of the companies carrying his protection. He trusts to the local agent's integrity, business judgment and experience.

Adviser and Counselor

The agent acts for his policyholders as a constant adviser and insurance counselor in anticipating new hazards in their changing daily operations. He acts for them in studying the constantly changing insurance market, its new and improved coverages, which may be of particular value to the assureds. And he acts for them at the time of loss. Occasionally, he has the opportunity to point out a right of recovery which the assured has not realized existed in his policy. This close relationship is surely one of the big plus values of the local resident agent.

Plus value number four is the relationship between the agent and his insurance companies. I know of no business relationship where a man's word is more basically essential and where complete confidence is more necessary. No bank cashier or executive has the authority to obligate the credit of his institution for hundreds of thousands of dollars of liability without a meeting of the board of directors. Still, that is exactly what the resident agent does when he is clothed with company authority to bind risks.

One of the great plus values to the companies is the spread of risk by the agency. Only through the hundred thousand widely distributed stock company agencies is it possible for the insurance carriers to get the proper spread of loss which is a fundamental of distributed risk.

Time for Introspection

Having briefly considered four plus values which exist in the successful agency, is it not time for a little introspection for those of us who make up the present generation of this resident agency system which is so vital to the American way of life? In our agencies, have we carried out the challenge of being the most efficient and effective factor in our free enterprise system? Isn't it absurd to assert this function—and then face the indisputable, economic fact that 40 percent of American business enterprises which are destroyed by fire, are not re-established? And that of those which attempt to rehabilitate them-

selves, a high percentage fail because of weakened financial structure? Some authorities assert that only 25 percent of American businessmen carry business interruption insurance. The courts are filled with cases where reimbursement has been refused because the proper coverage had not been carried and the assured had been under a misapprehension concerning the specific terms of his policy.

How many of us are aware that legal liability for fire losses is creeping into American court decisions? And how many of us are telling our policyholders this, and urging them to carry high amounts of property damage protection? If our plus values are to be maintained, resident agencies must see that every American businessman has full knowledge of his legal liabilities in every field.

Creeping socialism, is threatening the agency's function in our capitalistic system. There is no better plan than the resident agency system to spread the protection offered by private American insurance, but can we agents keep up with the trend of the times?

Plus value number two, you will recall, is the incentive which brings the highest type of businessmen to the agency business. Is this incentive being threatened? Rates are being filed on a cut-commission theory. This trend may affect indirectly the kind of personnel the insurance companies can attract—and it may have a bearing on the respect which our industry enjoys from governmental supervising authorities.

The challenge to retain the kind of resident agents who can diagnose, prescribe and obtain the protection designed to meet modern American business needs, is critical. It requires the strongest possible agents' associations on every level—local, regional, state and national. It demands a raising of the standards and improvement of company appointments.

Do We Deliver?

If we are to maintain that we are a select group, that the resident agency system does perform plus values, then we must appraise our own individual agencies and meet the highest standards of service. Do we individually push ourselves to the maximum in preparing to serve? Do we actually *deliver* these plus values?

Plus value three—the relationship of the resident agent to the assured—places a high public and private responsibility on each one of us. To deserve the confidence of the assured, to assume the role of protection-counselor, is an obligation of honor that demands the best. No discharge of this duty is satisfactory except in effecting complete cover-

age for the assured. It is not enough for us to prepare ourselves individually for this tremendous trust. Every less prepared agent, every unsatisfactory or inadequate performance of *any* local agent, is a reflection on the whole system and a threat to the plus values of the resident agency idea. This is one of the reasons why every one of us should actively support the educational activities of the agents' associations, use the companies' schools, insist upon company appointment standards and encourage our colleges and universities to further develop practical insurance education.

Plus value four—company values—needs emphasis in the minds of some company management thinking. If we continue to maintain the tradition of honorable conduct and highest ethical standards, there is no value of the resident agency as necessary to the insurance companies as the plus value of integrity, the word of the insurance company which to the public is the word of the resident agent.

There is a fifth plus value which I have intentionally not mentioned until now. That is public relations, both internal and external—at the agency level, at the state and national association level—and at the company level. The plus values I have described are very important assets. We agents know that they exist. It is up to the industry as a whole to see to it that the public, too, becomes aware of them, and of their inestimable value to American free enterprise.

Expurgated Version

Shocked by the language used by two workmen repairing telegraph wires close to her a home, a spinster reported the matter to the company. The foreman in making his report on the incident wrote:

"Me and Bill Smith was on the job. I was up the pole and let some hot lead fall and it went down Bill's neck. He said, 'You really must be more careful Harry,' and I said, 'Indeed I must Bill. I will see that it don't happen again'."

—*Canadian Underwriter*

Your Insurance Commissioners

HON. ARTEMAS C. LESLIE

PENNSYLVANIA

MR. LESLIE is a native of Pennsylvania. After graduating from Princeton University and serving in World War I, he entered the University of Pennsylvania Law School, from which he graduated in 1924. Since then he has been actively engaged in the practice of law in his native city of Pittsburgh. He has been recognized as a leader in the Republican Organization in Pittsburgh for many years, and has served for several years as District Attorney of Allegheny County. He was appointed Insurance Commissioner of Pennsylvania, effective April 8, 1950.

• *In this most unusual article, the author describes how the communist state uses "insurance" as a powerful weapon to hold its workers more closely to the party*

Insurance Under Communism

By
MILORAD I. CHOUMENKOVITCH

EVENTS BEHIND the Iron Curtain which come to the attention of peoples in Western Europe and to our attention here in the United States are, for the most part, the "sensational" cases of terror and injustice against outstanding individuals. Through our news accounts we read, for example, about the execution of Petkov in Bulgaria, the suicide of Jan Masaryk in Prague, and last year the tragic fate of Cardinal Mindszenty.

Although it does not receive as wide publicity, the wrongful treatment of the average citizen in a communist-dominated country is not too different from that received by his leaders. The communist state machine, which created the spectacular examples we hear about, is operating daily over all of its subjects.

Insurance in any communist state is a governmental institution. Basically, its function is to contribute to the establishment of the communist system. To achieve this aim it must change the mentality of the individual, because the man who thinks independently and reacts in terms of his own outlook on life is in conflict with communism. The leaders of world communism in the Kremlin realize that only by changing the mentality of their citizens can they put their system into practice.

In a communist state, insurance does not primarily serve its own specific purpose as it does in America. Rather, its aim is to assist in the enforcement of communism. It is interesting to see how insurance

The author—**Mr. Choumenkovitch was formerly private secretary to his father, the war-time Royal Yugoslav Ambassador to Turkey, and was collaborator of Dr. B. Vlajitch, Secretary-General of the Democratic Party and former Yugoslav Cabinet Minister. On coming to America, Mr. Choumenkovitch entered the insurance business, serving with the Hartford Accident & Indemnity Co. He is now representing European export companies in this country.**

operates in the field of workmen's compensation, or rather its Soviet equivalent.

Broad in Theory

The Russian Insurance Law of December 18, 1938, provides very broad possible coverage for the worker who is accidentally injured while at work. However, we should examine a few of the limitations and conditions which are found in this law, and in all social insurance laws of other communist states. These various laws clearly and definitely follow one common pattern.

In a broadcast over the Rumanian radio on January 10, 1949, C. Lepedetu, member of the Executive Committee of the General Federation of Labor, officially stated, "In the drawing up of the new Revolutionary law, our State has made use of the rich experience of the first Socialist State (the Soviet Union) with the most advanced social insurance system." Thus, even communist officials of the satellite countries frankly admit that their social insurance laws are copied from Russia's blueprints.

In analyzing these laws, there are three cardinal rules of great importance.

1. The percentage of remuneration recoverable by the injured workman is determined by the number of years he has been in one employment. For example, in Soviet Russia a worker is entitled to 80 percent of his average earnings if he has been on the same job from three to six years. If he has been there for a shorter length of time, he receives only 50 percent. Thus the workers are strongly influenced to remain on the same job. A communist-planned economy cannot

Milorad I. Choumenkovitch

afford to give its workers the freedom of choice in regard to the place and quality of employment. Any consideration of a change is decided through the dictatorship and influenced by insurance, the two working hand in hand.

2. The benefits for workers who are not members of the labor union are cut 50 percent. This, of course,

puts pressure upon the workers to belong to the union, which is a school for the indoctrination of the communist idealogy.

3. Workers are divided into three categories, which has a bearing upon the percentage of benefits for permanent disability. I studied this division in the Yugoslav Social Insurance System, effective January 1, 1947, which is patterned along the same lines as the system in Soviet Russia and in the other East European communist-ruled countries.

The Yugoslav working citizens are divided into "hardest," "hard" and "ordinary" categories. The "hardest" class, which is entitled to the largest benefits, includes manual laborers, managers in heavy industries and high government officials. The "hard" category includes auxiliary workers in other industries, administrative employees and experts. The "ordinary" class, which receives the smallest benefits, takes in the light workers such as watchmakers, clerks, priests, etc.

By the use of these discriminating divisions, the Communist Party uses insurance to influence workers into the "hardest" category, all of which fits in with its plan to industrialize these countries. It is a communistic principle that the only solid basis on which communism can be established in a country is upon a powerful proletarian worker-class with a predominance of factory workers.

With these three cardinal rules in mind, it is interesting to compare the benefits available to a worker in the "hardest" category, who is also in the labor union and has been employed at the same job for at least three years, with the benefits for a less fortunate worker. In case of permanent disability, regardless of the fact that he may have a record of 20 years of employment, he would be entitled to only one-half his average salary if he had been *at his present place of employment* less than three to six years. He would have a further cut of 50 percent if he were not a member of the union. Finally, the amount of his benefits would also be governed by the category of the work he was doing.

Low Wage Level

It should be borne in mind that in Soviet Russia, and other countries under its control, workers' wages are at a level which is hardly sufficient to maintain a living standard. For example, in Yugoslavia the average of the highest wages is around 2500 dinars a month (50 American dollars). A loaf of bread, which is the basic food today, costs $1.10. And the price of a suit of clothes is around 10,000 dinars, or four months' pay. When a worker is incapacitated, the insurance benefits, which in most cases represent only a small percentage of his sal-

They want insurance against fear

ary, are of little practical help.

Moreover, we should not forget that in Soviet Russia, nearly half the working population is not covered by the state social insurance legislation. The Soviet Labour Codex states that "social insurance covers all persons engaged in *hired* labour." Thus are excluded about 33,000,000 collective farm workers, who by definition are not *hired* workers, but so-called *communal owners of property.*

Finally a large section of the workers in Soviet Russia are not protected by any kind of insurance. I am speaking of the 15,000,000 forced laborers. Although these slave workers live under such conditions that few survive, they are an essential part of Soviet economy. The work of these slaves is used to

make up for the large losses resulting from unsound judgment in an expensive dictatorially-planned economy. This is the basis for the very ambitious five-year plans.

As for property insurance on the "kolhozes," the state-owned collective farms, it is compulsory to insure the tools, implements, livestock, buildings, etc. Here again, insurance is a state institution.

If an individual in one of these communities wishes to insure the small amount of private property that he is permitted to own, the rates are from 25 to 30 percent higher than if the property belongs to the community. This is in harmony with the principle of discouraging the last remaining private property and is a part of the plan to change the thinking of the people.

Assessment vs. Payment

There is an interesting comparison, for example, when the state, as tax collector, assesses the value of a privately-owned goat at 200 rubles but, should the animal be insured and the state enter the scene again as the insurance carrier, it pays only 50 rubles at the time of a loss.

In a communist system, there is no insurance against theft or burglary.

It must be remembered that in a communist state little importance is placed upon the individual's protection under the existing laws. All that matters is the individual's relationship with the Communist Party. The better his relationship, the better are his chances of recovery through any insurance law.

There is a standard provision in communistic insurance stating that there shall be no payment to the insured if his property is confiscated by order of the court. A policy in the name of any person who has been liquidated by the N. K. V. D. (secret police) is automatically cancelled.

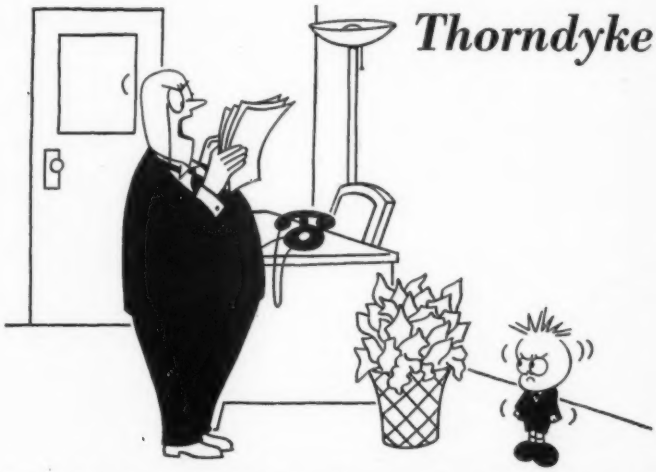
The Power of Fear

As you can see, by glancing at the insurance picture behind the Iron Curtain, the power by which the communists achieve their ends is to force fear into the hearts and minds of the people. It is a brand of fear more brutal than any ever devised by Hitler's Gestapo.

I remember back in early 1945, when the communists, with Soviet Russia's help, were seizing power in Yugoslavia, against the will of the overwhelming majority of Yugoslav people. At that time my father who was in the diplomatic service had returned to Belgrade. My mother, who had remained in Turkey was, of course, extremely worried about his welfare. One afternoon she happened to meet the wife of the Soviet Ambassador there in Ankara. When the Russian

woman asked how she was feeling, my mother slipped and admitted that she was very worried about my father who was back in Belgrade. Then in a moment of even less self-control, the Russian woman said, "Ah, now you can understand how *I* feel when my husband is called back to Moscow for consultation!"

Today in Eastern and Southeastern Europe there is obviously no market for American insurance companies. But the people of the communist-controlled countries are looking towards the United States for a special type of policy for which their hearts cry out. *They want insurance against fear.*



". . . and it is further stipulated, page 28, paragraph 6, whereas the party of the second part, in full agreement with the party of the first part, does hereby agree to empty said wastebasket once a day . . ."

Court Decisions XLVIII

ALAN GRELLER, LL.B.

Liability of Tavern Owner—A patron of a tavern was injured when ejected from the premises by the bartender. He sued the tavern owners for damages. There was widely conflicting testimony, the patron claiming that he was without cause beaten up by the bartender after being unjustly accused of bothering two women patrons, the tavern owners claiming that he was drunk, disorderly and refused to leave when requested and that he received his injuries while being beaten up by some strange man after he was ejected. The jury believed the patron's story and returned a $1,000 verdict in his favor. The judgment was affirmed on appeal. (Henson v. Planka (California 1949) 204 P. 2d. 622.)

* * *

Liability of Riding Academy—A young woman rented a saddle horse from a riding academy. After riding around the ring several times she was directed across a highway onto a bridle path. The horse then broke into a trot and the saddle began to slip. As she felt herself falling, the girl tried to throw herself off the horse but her right foot caught in the right stirrup and she was dragged along the ground for almost 100 feet, sustaining serious injuries. Claiming that the accident was due to the failure of the groom to properly tighten the saddle, she sued the riding academy and recovered a $10,000 judgment, which was affirmed on appeal. (Liossis v. Cavalry Riding Academy Co. (Ohio 1949) 87 N.E. 2d. 266.)

* * *

Liability to Pedestrian—A piece of cement coping fell from the roof of a factory building. The factory's maintenance man, thinking that another piece might fall, roped off the sidewalk area beneath, leaving a narrow path between the barricade and the curb for the use of pedestrians. A man, passing along this path, slipped on the uneven footing, fell into the street and was injured. In his suit against the owner of the factory, the jury returned a $14,000 verdict in his favor. The judgment was affirmed on appeal. (Sweat v. Aircraft & Diesel Equipment Corp. (Illinois 1948) 81 N.E. 2d. 8.)

SMOKE SCREEN. Fire sweeps through stacks of rubber and battery casings at this rubber plant, rolling up black clouds of acrid smoke, visible 15 miles away. The blaze, of undetermined origin, caused an estimated $500,000 damage.

HOT FREEZERS. Nothing is freezing in these refrigerators, burned to a crisp together with dozens of television sets and radios when a three-alarm fire swept through this retail home appliance store. Fifteen fire companies battled the blaze.

▲ *Fire*

THE NEWS IN PICTURES

Flood ▼

LOW AND WET. Pedestrians at this city intersection are floundering knee-deep in water, and trucks, too, are finding the going tough, after a 13-inch rain inundated this southern city. The sudden downpour disrupted communications and transportation throughout the area.

HIGH AND DRY. Sitting on the brink of disaster is this farm house, after a flash flood all but swept the ground from under it. Owner and family escaped in nick of time, but damage was estimated at $30,000.

JUMPS A WALL. This truck failed to make a turn, chopped down a telephone pole, jumped a four-foot wall, hit a tree, bounced back—and now look where it is! But driver got only minor cuts, and parked car was empty.

HOPS A FREIGHT. This truck tried to follow its load into a freight—and succeeded. When dump box mechanism on vehicle failed to work, the truck, which was backed up on ramp next to car, flipped over with its load. Driver was able to jump in time to escape injury.

▲ *Truck*

THE NEWS

JUMPS A TRACK. At upper left is bent portion of the overpass, over which 12 cars of this freight train did not pass, tumbling instead down the embankment and spilling onto a suburban street. No one was injured.

TAKES A DIVE. Sprawling amid beautiful mountain scenery is this freight engine and nine of its cars, which struck a rock slide and plunged down a steep slope into an old canal. Three trainmen were injured, two of them critically and it took other crew men two hours to dig them out.

ITS A BARN. This badly-smashed, stake-bodied truck
es against a splintered barn into which it crashed after
alling down an embankment. The truck was carrying a
ad of men to work in the early morning. One man was
illed and 20 workmen were injured in the accident.

POINTS A MORAL. Wreckage of this overturned semi-trailer truck and station wagon into which it crashed lie under a safety billboard's pointing finger. Both drivers escaped injury in crash, attributed to truck's shifting load.

N PICTURES

Train

PILLS FOOD. This is certainly no picnic for wrecking
ews, though tons of vegetables, dressed beef and wine
e strewn about the tracks, after the derailment of 24
frigerator cars of a cross-country freight train. None of
e crew was injured.

MEETS DEATH. This 60-car freight crashed into an automotive crane which was stalled on a grade crossing. The crane operators jumped to safety, but one trainman was killed, another seriously injured. Both were trapped in the wreckage.

LONG SLICE. This new sedan was virtually split down the middle when it crashed head-on into the end of a drawbridge gate. The driver escaped death by inches, suffered only a broken shoulder. He was pulled from the wreck by passersby.

SHORT CUT. Two teen-age boys were seriously injured, but lucky to be alive, after their car leaped a curb, smashed into a picket fence, plowed through a row of hedges (see radiator) and overturned, pinning them in wreckage.

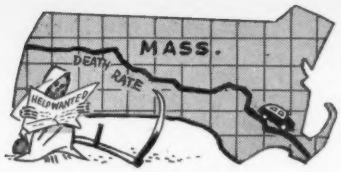
Automobile

THE NEWS IN PICTURES

Windstorm

TWISTED STEEL. A flash storm, with winds clocked at 88 miles an hour, smashed into this huge coal bridge, twisted it and two others into scrap. The storm also ruined industrial machinery valued at millions of dollars.

BROKEN CARS. Workmen below are examining one of seven cars and a truck which were heavily damaged when high winds accompanying a dust storm blew down a wall of a concrete block plant. The wall, fittingly enough, was composed of concrete blocks.



• *Massachusetts' notable record in reducing traffic accidents did not "just happen"—it is the result of careful planning and hard work by many agencies and individuals*

The Bay State Licks Accidents

By **RUDOLPH F. KING**

FOR SEVERAL YEARS NOW, traffic accidents in Massachusetts have followed a strikingly similar pattern —a constantly *increasing* number of automobiles on the open road, coupled with a constantly *decreasing* number of deaths and injuries throughout the state.

Today, with the largest population and the greatest number of licensed drivers in its history, Massachusetts finds its traffic accident death rate at an all-time low: 4.104 deaths per 100,000,000 motor vehicle miles, a *decrease of 68.5 percent since 1929.*

This unparalleled reduction in traffic accident experience did not "just happen." It came about as a result of the careful planning and hard work of many agencies and individuals in cooperation with the Massachusetts Registry of Motor Vehicles.

One of the most colorful and dramatic examples of this cooperative spirit occurred last Memorial Day weekend. Many weeks before the holiday—traditionally one of the worst in the year from a traffic accident standpoint—safety activities and enforcement plans were outlined in painstaking detail at a series of conferences attended by representatives of civic organizations, educational agencies, insurance companies and state, city and town officials.

The Registry office in Boston was made the headquarters for information, instruction and reporting of accidents, with personnel on con-

***The author*—The Hon. Rudolph F. King was appointed Registrar of Motor Vehicles in Massachusetts in August 1944, and was president of the Eastern Conference of Motor Vehicle Administrators in 1948-1949. He served as executive director of President Truman's Highway Safety Conference in 1949 and 1950. Prior to 1944, Mr. King was a member of the Mass. Legislature in 1937, majority floor leader of the House of Representatives in 1941-42, and speaker of the House in 1943-1944.**

tinuous duty checking all telephone and teletype messages. With 1,200,000 motor vehicles, 22,000 miles of highway and a population of 4,750,000 to keep an eye on, a formidable task lay ahead of us. All who participated, working day and night, finished the campaign physically fagged, but amply repaid by the truly astonishing results.

Almost everywhere, throughout the rest of the country, the doleful forecast of expected holiday fatalities was confirmed. Hour by hour the toll mounted until 347 Americans were killed on the streets and highways of the nation. *Only three out of the 347 automobile accident victims, however, met death in Massachusetts.**

A New Experience

Not only did our Memorial Day campaign save lives, but drivers discovered to their pleasant surprise that traffic flowed smoothly and evenly on all highways, due to planned controls. Traffic jams were practically non-existent—a new and happy experience for the harried autoist.

How did this motor-age miracle in Massachusetts come to pass? There is only one answer to that question: through aroused, enlightened public support, a direct result of the Registry of Motor Vehicle's long-range program of safety education activities. Among these varied activities are driver education and training, compulsory motor vehicle inspection, public relations and publicity, and, of course, selective driver licensing—perhaps the primary function of the Registry.

Applicants for a driver's license file at Boston headquarters, or at any one of 21 branch offices, an application which contains questions relating to previous driving experience, court records and history of physical or mental disabilities. The applicant is carefully screened before an appointment date for his examination is given. It goes without saying that only proper and competent persons should be given the privilege of operating motor vehicles. Therefore, when an examiner, for any reason, doubts the eligibility of the applicant, examination is refused and the matter is referred to headquarters for special examination.

After a person has been granted a license, his behavior as a driver is under constant observation. Last year, for example, the driving privileges of approximately 37,000 motorists were suspended or revoked for varying periods of time. Approximately 28,000 motorists made a personal appearance before Registry officers for consideration of

*After Mr. King's article had been received, statistics came in on the four-day Fourth of July week-end, and on this occasion his state's record was even more remarkable. Of 491 traffic fatalities throughout the nation, *only two* occurred in Massachusetts.—Ed.

their driving records, while an additional 24,000 drivers received warning letters calling attention to minor violations. Subsequent to suspensions and revocations of licenses and interviews, more than 7,000 drivers were required to pass a re-examination test before being permitted to operate motor vehicles. The wholesome benefits of proper driver licensing and control cannot be disputed.

Compulsory Inspection

Another leading reason for Massachusetts' excellent traffic accident record is its compulsory motor vehicle inspection law which has been operating successfully for over two decades. Every registered motor vehicle must have its equipment inspected twice each year at licensed inspection stations operated under the supervision of the Registry. A force of 35 inspectors in our Equipment Section keeps these stations under close supervision, and holds them to rigid standards of performance. It is impossible to estimate the tangible benefits which result from enforced repairs to defective motor vehicle equipment, but they must be very great.

When I was first appointed Registrar of Motor Vehicles, one of my initial acts was to review the status of driver education in Massachusetts. In 1941 there were 48 schools in the state offering courses in this subject. Today there are well over 300 schools providing classroom instruction, behind-the-wheel training, or both. The results of this increase in driver education speak for themselves. In 1941, there were 1,203 accidents in the 16-17 age group. Last year, with many more youngsters driving, only 914 in this age group were involved in accidents. Incidentally, the official textbook used by the great majority of Massachusetts high schools is "Man and the Motor Car," written and prepared by the Association of Casualty and Surety Companies.

Rudolph F. King

Every school in the state is visited at least once during each school term by a representative of our Education Section. Suggestions

are made to school officials for the establishment and maintenance of student safety patrols, and to police officials for traffic control when needed for the protection of school children.

In addition, the Massachusetts State Auto Dealers Association very generously proposed that its members would give a dual-control car to any high school in the state offering a course in behind-the-wheel training. To date, 95 high schools have qualified, and the number of donated cars is rapidly increasing.

Sound Public Relations

In the battle for improved highway safety, the importance of sound public relations and publicity can not be over-emphasized. Our Public Information Division has been invaluable in helping to make our citizens safety-conscious and in turning accident prevention from an academic subject of discussion among a few safety leaders into a living and graphic reality.

During the past year alone, free newspaper publicity reached a total of 275 pages valued at more than $400,000 if paid for at space rates. In addition, 44 radio stations contributed 100,000 spot announcements and well over 100,000 special and feature programs. To cap it all, outdoor advertisers contributed an unprecedented amount of free billboard space. Meanwhile, our official house organ, *The Massachusetts Motor Vehicle Spotlight*, has a wide and enthusiastic readership among the opinion-molding organizations throughout the state. The *Spotlight's* main headache is to try and comply with the growing number of requests to be placed on our mailing lists.

Working closely with the Registry's Public Information Section, our Safety Education Team has presented as many as 3,500 safety programs in one year before a total audience of 700,000 people. The program usually consists of a lecture by an authoritative speaker, a question-and-answer period, distribution of safety literature, and the showing of latest motion pictures on street and highway accident prevention activities.

Moreover, each year as many as 3,000,000 people see Registry exhibits and displays in store windows, and at fairs and conventions. At these times, the public is invited to undergo psychological tests given by Registry personnel who also answer questions about safety matters and motor vehicle laws.

One of the activities of the Registry of which we are especially proud is the work we have done with disabled veterans. Our Special Veterans' Facility Section has given these men all possible

Traffic flowed smoothly and evenly, due to planned controls

aid in taking their place behind the wheel, and we have found that as a class their accident record is far superior to that of most drivers.

The Registry was able to give real assistance in securing the passage of a law entitling every veteran of the last war who had suffered an amputation, or had lost the use of his lower limbs from some sort of paralysis, to receive a free automobile, provided that the Registrar of Motor Vehicles certified him to be a safe operator.

In 1946, Cushing General Hospital in Framingham, Massachusetts, was designated as a center for the care of paraplegic veterans and a reconditioning program was established for those heroes who had given so much for their country. The hospital authorities re-

quested my help in setting up a driver training program at this center and, in May of that year, I had the happy privilege of granting the first license ever bestowed on a paraplegic veteran of World War II.

As of this date, the Registry has certified almost 800 veterans for free automobiles. To further help these men, we sponsored a state law which entitled them to a special registration number plate containing the letter "V." Any car which carries this type of plate is permitted to park anywhere, regardless of parking restrictions, and is exempted from paying registration fees, excise tax fees, or parking meter or public parking lot charges.

I believe I can safely state, without seeming too immodest, that Massachusetts, where the first gasoline-driven automobile was invented, has made enormous strides forward in the field of street and highway safety. Massachusetts has more communities of 10,000 population and over than any other state in the nation and, except for Rhode Island, the greatest density of population per square mile of any state. Yet, 173 towns and cities, large and small, completed the 1949 year without a single fatal motor vehicle accident!

What Massachusetts has accomplished other states can accomplish, too. Police departments, safety organizations, insurance groups, service clubs, school officials and members of the clergy are always ready and eager to cooperate in the battle to save human lives. The potential for good of these various agencies in each community is beyond measure. What is needed is to bring these groups together and by means of education, direction and encouragement, knit them into a whole which will present a solid front toward the attainment of one objective: a reduction of needless motor vehicle accidents.

Death Is Not Necessary

Though the general public as a whole is aware of the frightful mass killing and maiming of fellow human beings, which day after day is classified simply as "automobile accidents," too often they tend to tolerate existing conditions as a "necessary evil." Deaths and injuries on the highway are evil, yes. But not necessary! This is a point which cannot be hammered home strongly enough.

No state or community can afford to relax its safety enforcement activities, but enforcement alone does not develop proper mental attitudes. Something more is needed for progress in the direction of universal safety.

That "something more" is a sus-

tained program of activities—not an occasional haphazard, slam-bang safety drive—but a long-range, carefully planned and thoroughly integrated program of education to develop proper safety habits and attitudes on the part of both motorists and pedestrians.

When this program is once conceived and set in motion, the great dormant forces for good in the community invariably come to life and give an exhibition of true democracy at work. That is the secret behind Massachusetts' success story in the traffic accident field. As a matter of fact, our entire story can be summed up in two words: public support.

The numerous honors and awards which we have received in recent years are a constant reminder to all of us in the Registry of Motor Vehicles to strive for continued progress and steady improvement in street and highway accident prevention throughout the entire Bay State.

"When you clip down to the end of the hedge, Mr. Edwards, I'd like to ask a favor!"

• *Coverage for medical care beyond the limits set by a given compensation law may be purchased by employers at very nominal cost—and it pays dividends in good will*

Gaps in Compensation Coverage

By **HENRY B. SUTER**

STARTLING as it may seem, only a few workmen's compensation acts provide for payment of all reasonable medical bills. Thirty-eight laws have limits upon time or amount, as compared to a mere 14 jurisdictions in the United States and its possessions where no limits are stated in the law.

Many an agent will find himself in an embarrassing situation if he fails to consider this problem when writing interstate or out-of-state risks. The danger is greatest where the producer is located in a state where the letter of the law, or its practical application, provides unlimited medical care. Consider, for example, New York, where the latter is the case, as compared to Pennsylvania, which has a 90-day limit and a $225 maximum. The New York producer whose insured conducts operations in Pennsylvania will seldom forget to provide coverage under the Pennsylvania act; but all too often that same producer will put his insured in a position where the employer must pay 90 percent of a $2,300 doctor's bill.

When an employee is injured, humane considerations prevail. The employer or his representative often tells the doctor to "give this man whatever treatment he requires." When the bills arrive, however, the employer may find he has bound himself by contract to pay much more than his insured statutory obligation; and he is dependent on the decision of his insurance car-

The author—**Mr. Suter is supervisor in charge of the workmen's compensation division in the casualty claim department, New Amsterdam Casualty Co. A graduate of Dickinson College, Carlisle, Pa., and Dickinson School of Law, he is a member of the Maryland Bar. He has been associated with the New Amsterdam and the United States Casualty since 1936, serving as adjuster, branch claim manager and home office supervisor.**

rier to relieve him of all or a part of this assumed burden. Even in cases where the company may see fit to pay such bills, disputes and misunderstandings can occur before the problem is investigated and reaches a claims representative invested with sufficient authority to act. An examination of the reported cases shows the fallacy of any assumption that "the company will pay all the bills in the long run."

Insurers will, of course, generally exceed the prescribed medical limit when there is prospect of correcting disability to a point where the overall cost of the case will be reduced by the medical expenditure. Some companies, with an eye to the social purposes of workmen's compensation legislation, occasionally yield to the temptation to help the honest and deserving claimant beyond statutory boundaries; but these cases are necessarily infrequent because of the probability that such payments would be unlawful discrimination against insureds who have paid an added premium to provide such benefits.

Dividends in Good Will

Coverage for medical care beyond the statutory limit can be purchased at a cost—and a very nominal one at that. The coverage is variously denominated "extra legal medical," "full medical" or "additional medical," and the charges are usually found at the end of the State Rate Sheets in the manual. Many progressive agents in limited-medical states follow the practice of putting it on all risks automatically, with the privilege of the insured to order its deletion.

Henry B. Suter

Few insureds strike it off after its advantages have been adequately explained. It has paid dividends in good will.

Appended to this article is a summary of the laws of the several jurisdictions as they relate to medical limits. Information has been given as to state monopoly jurisdictions, since voluntary com-

When an employee is injured, humane considerations prevail

pensation policies may occasionally be written in such states for excluded employments. Useful as a check list, these notes should be supplemented by an examination of the full texts. Changes are frequent.

Note that statutory provisions in the various jurisdictions may be classified as follows:

(1) no statutory limit;
(2) statutory limit with plenary power of compensation authority to extend;
(3) statutory limit with power in compensation authority to make limited extension;
(4) a fixed statutory limit;
(5) a statutory limit made applicable only to certain occupational diseases.

Under the first type of law, ob-

viously no extension of medical coverage is necessary. Under the second, the compensation authorities usually extend medical to cover all reasonable bills, so that additional medical coverage is of doubtful necessity, but the manual provides a rate if it is desired. The third and fourth classes are those in which additional coverage is an urgent requirement, and the procedure for quoting a rate is simple. The fifth class presents a situation in which the standard coverage is less than complete, but in which it may be necessary to obtain a rate from the home office.

A similar danger exists in those cases where an employee or an employment is not covered under the compensation act. The employer's liability provisions of the standard compensation policy do not extend to medical except insofar as medical bills may be an element of damages. Where an employer has contractually assumed medical bills, he may find himself in a difficult situation if the employee should take a notion to file suit for damages. Although that problem is not within the scope of this article, it may be remarked that the best safeguard against such a situation is to be certain that the employer has taken all steps provided by the compensation law to bring all his employees under the act.

Provisions for Medical Care under Workmen's Compensation Statutes

Alabama: 90 days, maximum $500.
Alaska: One year.
Arizona: 100 months.
Arkansas: Six months, with unlimited extension. But 180-day maximum for silicosis and asbestosis.
California: No limit.
Colorado: Six months, $1,000 maximum. Prostheses in addition. Dental $100 in addition. Occupational diseases $500 maximum, with further limitations in silicosis and asbestosis cases.
Connecticut: No limit.
Delaware: 30 days, with unlimited extension.
D. C.: No limit.
Florida: $1,000, with unlimited extension.
Georgia: Ten weeks, $500 maximum, with extension of $250 permitted.
Hawaii: No limit.
Idaho: No limit (180-day maximum in occupational diseases).
Illinois: No limit (six-month maximum in silicosis and related occupational diseases).
Indiana: 180 days. (May be extended "to limit or reduce disability.") 60-day maximum in occupational diseases.
Iowa: $500 maximum medical and surgical. $1,000 maximum hospital. Special nurses and ambulance in addition.
Kansas: 120 days, $100 maximum. (Board may extend to $750.)

Kentucky: $500 maximum. (Board may extend to $800.) Must act six months after injury. Prostheses in addition.

Louisiana: $500 maximum.

Maine: 30 days, 100 maximum, with unlimited extension.

Maryland: No limit

Massachusetts: No limit.

Michigan: Six months. (Board may award for three more six-month periods, not necessarily consecutive.)

Minnesota: No limit.

Mississippi: No limit.

Missouri: 90 days, $750 maximum, with unlimited extension.

Montana: Nine months, $1,000 maximum. Prostheses in addition.

Nebraska: No limit.

Nevada: Six months, with extension up to 18 months.

New Hampshire: 90 days, with unlimited extension.

New Jersey: $100, with unlimited extension.

New Mexico: $700, with unlimited extension.

New York: No limit.

North Carolina: Ten weeks, with unlimited extension.

North Dakota: No limit.

Ohio: No limit.

Oklahoma: 60 days, with unlimited extension.

Oregon: $250, with unlimited extension.

Pennsylvania: 90 days. Maximum for medical and surgical $225. Prostheses in addition.

Puerto Rico: No limit.

Rhode Island: Various monetary limits, with unlimited extension.

South Carolina: Ten weeks, with unlimited extension.

South Dakota: 20 weeks, maximum medical $200, maximum hospital $500.

Tennessee: Six months, maximum $800.

Texas: Four weeks. (With extension to 180 days hospital; 91 days other medical.)

Utah: $1,000 maximum, with unlimited extension, except that $1,500 is maximum in occupational diseases.

Vermont: 90 days, $750 maximum.

Virginia: 60 days. (Board may extend to 240 days.)

Washington: During temporary disability; in permanent disability cases to date of award.

West Virginia: $1,600, with extension to $2,400; also, $800 for rehabilitation may be granted.

Wisconsin: No limit.

Wyoming: $165 medical and $165 hospital, with extension to $385 medical and $495 hospital, and further extensions for six-month periods.

The value of horse sense is proved by the fact that the horse was afraid of the automobile at the time the pedestrian laughed at it.

—Fireman's Fund Record

Bicycle Safety Is Good Business

ALMOST 19,000,000 AMERICANS—70 percent of them children—are in the ranks of active bicycle riders today. The great cycling vogue sweeping across the country makes bicycle safety a project of vital importance to every community. And it makes bicycle safety *good business* for every insurance agent.

Because of these significant facts, the Association of Casualty and Surety Companies, the National Association of Insurance Agents and the Bicycle Institute of America—the national non-profit association of the bicycle industry—have joined forces to create a hard-hitting bike safety campaign specifically designed for agent groups.

The need and opportunity for a bicycle safety drive at this time is evident. In over two-thirds of accidents involving automobiles and bicycles, the cyclist was at fault. Building proper safety habits and attitudes in *tomorrow's* motorists *today* is one of the primary factors behind this national life-saving campaign. Now, for the first time, the tools to do the job have been brought together and made readily available in a carefully coordinated program especially geared to the year-round activities of insurance agents and agent organizations.

The bicycle safety program offers long-range benefits both to your community and yourself. It is a program which guarantees maximum impact upon the local level, with no waste motion and little effort on the part of the individual agent.

Further information on the "Bicycle Safety Is Good Business" program is available without cost from the National Association of Insurance Agents, 80 Maiden Lane, New York 7, New York.

Usable Ideas for Today

YOU OWE IT TO YOURSELF

Can you honestly claim to be a multiple line agent? Of course you have a license, authorizing you to sell and serve all lines of insurance: fire, casualty, ocean and inland marine, even surety. But just a license doesn't make you an insurance agent, and a multiplicity of licenses doesn't make a multiple line insurance man. No insurance agent can claim to be a multiple line agent unless he really knows and sells complete coverage for his clients. Fire and casualty premium volume has mushroomed in the postwar years. Still, new lines are not responsible for that increase.

Good old fire insurance—plain old fire insurance—is responsible for the lion's share of the increase in fire company writings. When disaster strikes, a $10,000 loss is no easier for the victim to bear because it came from an uncommon peril. Losing a home or losing a business is no "sideline" to the loser. There are no "sidelines" to the multiple line agent.

The same is true in the casualty field. The bulk of the increase in casualty premium volume has come from the old reliables; workmen's compensation and automobile liability. In this connection, it may be noted that much of the increase in premium volume has come on low-commission lines—lines that often require little selling but a lot of service.

Many agents already have the knowledge to qualify as multiple line agents, but even some of these have failed to apply that knowledge fully, unconsciously running with the crowd when they have the opportunity to lead. If you aren't a multiple line agent, in deeds as well as in ability, you owe it to yourself as well as to your clients to become one.

—*Massachusetts Agency Bulletin*

* * *

HOW—WHY—WHERE!

The days of "soft selling" are passing quickly. Good salesmanship—good service—careful attention to policyholders and clients, is taking its place. It's a healthy sign when buyers begin to choose—look for the best, and the most, for their money. That's when you can build substantial and lasting

clients. That's when good service counts most.

These days nobody is going to wear a beaten path to your door just because you have the best "mousetrap" and best service. You must go out and tell them about it—explain carefully—how—why—and where!

And just because a customer has one or two policies with you—even for several years—you can't expect him to stay sold. Changing conditions, economic and financial, are all warning signals to be on your job. Be sure he gets his insurance information from you first—instead of from some competitor.

These are challenging and profitable insurance client building days—but you've got to be on the firing line every day.

—*National of Detroit Agents Record*

* * *

ROOF-TOP SURVEY

How many of your customers have put up television aerials on their roofs during the past year? . . . The man who has just put a television aerial on his roof has just brought a new possession into his home that cost him anywhere from a few hundred to perhaps a thousand dollars or more.

If he should have a fire after installing his television set, his loss would be that much greater than if the fire occurred before he bought the set.

But new television sets are only one of a number of expensive purchases that people are making today. They are buying automatic washing machines, dish washers, freezers, air conditioning equipment, new rugs and new furniture. Any one of these things would increase the loss that your customer would suffer if he had a bad fire.

Make it a rule to review the fire insurance on each customer's home and household possessions before you put through the renewal. Nine chances out of ten, he needs at least $1,000 additional coverage to cover new purchases he has made in the last year or two. In some cases you may find that he needs two or three times as much as he has now.

—*The Travelers Protection*

* * *

FORM-FITTING PROTECTION

Inadequate coverage, unlike the suit that is too small, does not show up right away. An insured may think he has sufficient protection . . . but so often when a disability occurs, he realizes for the first time how inadequately he is covered.

Stop and think just what you do when you buy a suit . . . do you go into the store with the idea of buying the cheapest suit in the place whether it fits you or not, or do you look at several styles, models and price ranges, and then decide and buy? The answer is rather obvious.

> Buying a suit of clothes is no different from buying an accident and health policy. You buy according to need and fit, not by price alone. All coverages today are so designed as to give your insureds "form fitting protection" at a favorable price.

You are a salesman. Sell adequate coverage. Suggest enough protection so that the responsibility rests on his shoulders, not yours.

—*World Highlights*, as quoted in the *General's Review*

TIP OFF YOUR CLIENTS

In a warehouse or stockroom, control carefully the receipt and issuance of merchandise to the sales department or to customers. Perpetual inventory records may be advisable in many cases, unless merchandise is fast-moving, such as baked goods, dairy products, or fruits and vegetables.

In the case of cash sales, a positive requirement is that every sales ticket (containing printed numbers) must be accounted for. In addition to checking accounting and business procedures, study the physical arrangement of the store. Sometimes a poor arrangement contributes to opportunities for easy stealing. Don't crowd cash registers into a corner; keep them in the open spaces where they may be viewed from a distance.

To prevent the raising of paid-out slips, run the slips through a cash register equipped with the usual printing device. As a further safeguard, rubber-stamp "paid" and date of payment on all paid-out slips.

The proper way to reconcile a bank account is to show all cash received by the company and all cash deposited and entered on the bank's statement; also show all checks issued by the company and all checks paid by the bank according to its statement. The checks outstanding will automatically be a part of the reconcilement, and should be listed by number and amount.

Cash register change funds can be safeguarded by reduction of all change funds to $10.00, and frequent clearing of the cash registers of all cash above the newly-established $10.00 change fund.

To prevent merchandise thefts by employees, have all outgoing shipments rechecked by a second person, wall-up surplus doors and windows, equip doors with time-recording locks, install better accounting controls for merchandise received and issued.

Some restaurants have adopted the food checking system in which each waitress is charged with the food taken from the kitchen. This is tallied with the total of the sales tickets issued by her daily.

Best insurance against embezzlement losses caused by employees—any of the above safeguards which can be used *plus* adequate bonding coverage on all employees.

—The Employers' Pioneer

* * *

CHECK THOSE CAVITIES!

"Don't you think, Mr. Client, that if it is worth while to see your dentist twice a year to get a check-up on your teeth that it is equally sensible to see your insurance man at least once a year to check up on your insurance? Unless you are in the insurance business it is unlikely that you will realize when your insurance needs change with the events of the year, and some pretty big 'cavities' can develop in your insurance protection. I'll be glad to x-ray your insurance annually, and, unlike the dentist, I won't make a charge for the x-ray—just for the additional insurance, if any, that you buy. In fact, there is always a possibility that you no longer need some of the protection. It pays to check either way."

—The Local Agent

* * *

TEN QUESTIONS

Listed below are ten qualifications which make an agent successful. They are not necessarily in order of importance. Check them over. If you

can unequivocally place "yes" in front of each one you should have a very good chance to succeed.

1. Have you a thorough knowledge of the insurance business?
2. Are you enthusiastic?
3. Do you work hard and systematically?
4. Are you determined to succeed?
5. Do you like meeting people?
6. Have you confidence in yourself and what you are selling?
7. Have you a good memory for faces and names?
8. Do you practice tact and courtesy?
9. Is your appearance neat and clean so as to inspire confidence?
10. Have you courage and perseverance?

—*Canadian Fire "Service and Indemnity"* as quoted in *Best's Fire and Casualty News*

* * *

Working Cold Canvass

One producer, working cold canvass, had the usual difficulty in getting past the information clerk or telephone girl using the age-old approach: "I would like to see Mr. Prospect. My name is Jones." When he changed that to "Please tell Mr. Prospect that Mr. Jones is here and would like to see him," he found it increased materially the number of times he got in to see his man. The bearing of the salesman and the confidence with which he makes such an announcement has much to do with the results.

—*Rough Notes*

It's Good Business

Automobile medical payments coverage is being placed on about 60% of all eligible risks. Some agencies are writing medical payments on better than 70% of their eligible risks and some are running as low as 38%. Some individual producers are providing this coverage for as much as 98% of their risks and others provide it only when requested by their customers.

Are you making use of every opportunity to place medical payments on every eligible risk? It should be written with every bodily injury and property damage policy. It's needed to fill out a client's auto coverage and it's good business for the agent.

—*Cravens, Dargan Review*

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INSURANCE FACT-O-GRAMS

• *Good public relations must be firmly based upon the bedrock of sound management, wise policies and business integrity*

Our Little Hatchet

By **J. DEWEY DORSETT**

A FEW WEEKS AGO, while on a business visit in Boston, I found myself in the historic center of that historic old city with time on my hands. Three short blocks away Faneuil Hall still rose in quiet dignity above its littered market stalls, gloriously reminding us that here men of courage stood two centuries ago and summoned peoples everywhere to their birthright of freedom. So I decided to indulge a desire of many years standing and visit the famed museum of Massachusetts' even more famous Honorable Artillery Regiment on the topmost floor of old Faneuil.

The past crowds 'round you in the presence of the rare relics there, each bearing testimony to the truth that it took vision and character and valor to carve a mighty nation out of a primeval wilderness and dedicate it to the principle that as all men are born equal, so too they shall be free. It was with a feeling akin to reverence, therefore, that I moved quickly from one case to another, making the most of the few minutes that were mine to enjoy. Then, quite suddenly, I came to a case in which reposed—what do you suppose? A worn, rusty, unassuming, little hatchet! There I stopped and rubbed my eyes as I read the neatly lettered card that was propped against the unbelievable instrument. It merely said:

"George Washington's little hatchet."

I suppose no legend about the

Occasionally the JOURNAL violates its rule of not publishing speeches, and we are printing this address, just as Mr. Dorsett delivered it in Syracuse recently, in response to numerous requests. J. Dewey Dorsett is general manager of the Association of Casualty and Surety Companies.

life of the man whose genius, above all others, gave us this nation is better remembered than the one about the cherry tree and his little hatchet. My memory flew back to my earliest days in grammar school, and I recalled vividly how I had listened over and over again, with rapt attention, to that much-doubted story. My companion at the time happened to be the public relations manager of a prominent Massachusetts insurance company. I turned to him and remarked:

"There is the symbol of George Washington's most basic public relations."

Of course, I don't know whether the father of our country ever chopped down his father's favorite cherry tree. Neither do I know, if it did happen, whether he stood up honorably and said: "Father, I did it with my little hatchet." Nor can I tell you, if both of these things are true, whether the little hatchet that reposes in Faneuil Hall is the one he actually used. I only know that the story has been used to emphasize, in terms so simple and understandable that everyone would remember them, the most basic truth of George Washington's character—his integrity.

So I want to talk to you about our little hatchet—the basic public relations and integrity of the casualty and surety insurance business.

I have long sought a definition of the term, public relations. The more I search, the more I realize that lawyers and insurance men aren't the only people who forever disagree; I have never found any two public relations men who agreed on the meaning of those two words. Let us understand, therefore, what I mean by public relations as applied to this discussion.

A Bedrock of Integrity

If you think of public relations in terms of publicity and advertising, that is not the phase I shall discuss. Certainly it is an important part of the job, because publicity and advertising unquestionably are the most effective tools for making our works known to the people. Good public relations, however, must first be firmly based upon the bedrock of sound management, wise policies and business integrity. It is there that public relations begin and most certainly will end if management ever forgets that all business exists for and by the will of the public. I shall, therefore, with your indulgence, discuss this basic part of our public relations as a business —our integrity.

I do not claim perfection for the casualty and surety business; we are not perfect. Remembering that all business in a democracy is human, I doubt very much that we

ever shall be. Indeed, I would say to those who are a bit quick to soundly and publicly criticize our every mistake, that perfection is a rare and elusive gem; one, perhaps, like the grand amen, that shall be found only in heaven. Is it an attribute of government? Well, hardly. In relationships between governments? You answer that one. Is it a characteristic of labor management? Scarcely. In fact, can you single out any human activity under the sun where perfection, at long last, has been attained? I doubt it. We all live in glass houses.

A Measure of Perfection

It seems to me, therefore, that an honest measure of perfection should be the sincerity and the effort that any business is putting into its service to the public. By that yardstick, I am not afraid to measure the public relations of our business before any audience. I don't believe there is a business, industry or profession in this or any other country that is trying more sincerely or more willingly to give the public what it wants and needs, than our own casualty and surety business. We are not only trying, but as rapidly as sound principles will permit we are succeeding. So let's quickly apply the yardstick and see how we measure up.

The insurance business has long lived and flourished under limited forms of regulation by the several states. More recently, as a result of the South Eastern Underwriters Association decision and subsequent Congressional legislation, we have become subject to much broader and more complete regulation. I have no doubt that we shall continue to prosper under it. So it cannot be said that I am an unreconstructed unbeliever in regulation of our business under any circumstances.

J. Dewey Dorsett

I am confident that our severest critic must admit, at least to himself, that on the whole the casualty and surety business has made a

sincere and successful effort to properly meet the test of this much more severe regulation. Of course, as could only be expected, there were islands of resistance, but the business itself measured up. I would, still having the public welfare in view, remind the regulatory authorities everywhere that they, too, have an obligation to measure up and not assume powers they were never intended to possess, powers which would prove unreasonably burdensome to the business and adversely affect the public interest. If government matches the cooperative spirit of our business, the new order should well serve both the public and free enterprise.

Handling of Claims

Now let us move on to the question of claims. I have long held, and have never hesitated to say, that there is room for improvement in the handling of claims. Neither do I hesitate to say that progress has been made, is being made and will continue to be made. I am too realistic, however, to believe that we shall ever see a millennium wherein there will be no dissatisfied claimant. With multi-thousands of claims being handled daily, it is inevitable that mistakes will be made; but I hope and expect that they will and can be reduced. Certainly our own best interests demand that we shall handle claims expeditiously and fairly, and toward that goal we are striving, perhaps too slowly, but at least conscientiously. So I would ask our too eager critics, "How goes it in your house? Is there no room for improvement there?" If so, heaven bless you, because heaven alone will understand.

Since the end of the war there has been a growing demand by insureds for comprehensive policies —packaged insurance, they call it. In response to that public desire, we have been bringing out new comprehensive policies. Of course, they do not meet the complete wishes of everyone. That, too, is too much to expect. But as we move into the era of multiple line underwriting, I have no doubt that in due time the great majority of insureds will be able to buy all of their insurance needs within a single policy contract. Here again we find insurance management striving earnestly, and as rapidly as it dares, to satisfy the public.

On our own part, we are justifiably concerned about the rapidity with which the government is going into or planning to get into the insurance business. Now let us be perfectly honest about that situation. A very considerable amount of insurance is being written by government today because when the need first arose the companies

Food prices are more than double what they were before the war

were unwilling to write it. We should blame no one but ourselves for those numerous instances. On the other hand, there are many instances where government is competing actively and unfairly for business that the companies do write actively, competitively, satisfactorily and economically. Some states have even taken unto themselves a total monopoly of workmen's compensation insurance and others are striving to do so, *forbidding the companies by law to write any of that line of business.* Gild it as you will with false names, that is socialism and has no rightful place in a democracy.

Here again I can report to you that insurance management is striving earnestly to provide the kinds of insurance the public wants

and thus is removing the only possible excuse for government being in the business. The New York Temporary Disability Benefits Law is an example of how the companies are accepting their responsibility in the presence of new conditions. It is true that all companies are not yet ready to write this kind of insurance. It is also true that some companies have moved more cautiously than some people desire, but this is understandable when you remember that they have no adequate experience tables to guide them. I rather imagine that the regulatory authorities would be concerned, indeed, if insurance companies began to rush boldly into untried fields. In our business, the first test of good public relations, of honest public service and of good business judgment must always be a firm adherence to sound underwriting practices. We are doing that.

The Question of Rates

There are innumerable other instances which could be cited to demonstrate that the casualty and surety insurance business is striving as earnestly and completely as is humanly possible to give the public the kind of service it reasonably needs and expects. I shall refer, however, to only one more and that very briefly. It is the question of rates—the price the consumer pays for protection—and certainly nothing is more important to the consumer.

It is hardly news to report that prices, like Josephine's flying machine, have been going up and up and up. Food prices are more than double, by a very considerable margin, what they were before the war. The last time I saw the general commodity index, some weeks ago, it showed that prices generally had advanced more than 70 percent, as far as the buyer is concerned. Now listen to this one, please, and remember it, because it testifies more forcefully than any other fact to the capability of management in the casualty and surety business.

While prices for literally everything else were skyrocketing under the pressure of unprecedented economic inflation, rates for casualty and surety insurance coverages were either rising comparatively little, remaining stationary, or actually declining! I don't believe there is a business or industry in the country that can equal that record. The most important increase was for automobile liability insurance, the nationwide average advance being only 21.2 percent. Compare that with approximately 75 percent at that time for the general commodity increase. Boiler and machinery rates advanced only 12 percent and burglary rates

10 percent. Workmen's compensation rates *decreased* 18 percent, still speaking in terms of a national average, and *decreases* in the fidelity and surety field ranged from 20 to 65 percent. What is more, the price trend for capital stock casualty and surety protection is still downward, as witness recent announcements from the National Bureau of Casualty Underwriters and other rating organizations.

I submit that on the basis of this record it can be said that our basic public relations are sound and in many respects superior. I have not and do not claim perfection for the casualty and surety insurance business. I frankly admit that there is room for improvement. I hope there always will be, because that is the surest sign that we are still progressive. I unqualifiedly claim, however, that much of the criticism and abuse we have absorbed in the past few years has been unjustified and unsound from every possible point of view. It has helped no one.

The Next Step

Yet, still wishing to be meticulously honest and fair, we must blame ourselves, at least to a very great extent, for that fact. While we have been doing a good job as far as our basic public relations are concerned, we have all but neglected the other part of our public relations job—the publicity and advertising phase which I mentioned a few minutes ago. In other words, we haven't told our story, our good deeds, to the public. Most of the information the average citizen reads and hears about our business is the *misinformation* that emanates from biased, selfish or uninformed critics.

I hope that in the very near future we shall take the remaining important step that, in my judgment, alone separates us from a firmly favorable public opinion. I believe that we will begin to tell our story to the people, that we shall answer unjustified attack and criticism with truth and fact. When that is done, our public relations program will be complete. Had we started it 10 or more years ago, I am confident that some things which have happened would not have happened and that our place in public estimation would be at the top.

Let us not, however, spend the precious months and years that lie ahead, worrying about omissions in the past. There is too much at stake. The future still belongs to us and to our great free enterprise system if we have the courage and the vision to take it. I believe we have, so let us keep our eyes fastened upon the future, determine that we shall not repeat the errors of the past, provide the sound insurance protection the public wants

and needs, and tell the story of this business to the world. If we do, we shall have nothing to fear from the people, our ultimate judges. Moreover, in so doing, we shall discover new fields of business whose fertility will bring abundant reward.

"They were warned not to start discussing the boss's hobby with him!"

Field Forum

"The Customers Always Write"

GOOD SALES BUILDERS

Van Nuys, California

Dear Editor:

We read the JOURNAL with great interest. We especially appreciate your method of locating the pictorial section on a single folded sheet in the center, as that permits us to add each one to a looseleaf booklet for customer's reading. You also include in each issue two other items that are easy reading for customers, and are good sales builders: "Take Note," and various scattered cartoons that relate to insurance.

I believe many other agents, beside ourselves, would appreciate your placing those above two items on a single sheet next to the center, so as to be easily removable for a looseleaf, etc.

HOWARD GRANGER
L. S. Granger Company

[We are always happy to receive suggestions from our readers on ways to make the JOURNAL better and more helpful. So far as Take Note, Smile a While and other features are concerned, however, it would pose a very difficult make-up problem if they were to be located on the same page each month, since the location or inclusion of all features depends on the length of the articles—and that in turn depends on the authors.—Ed.]

"PINCH" PREVENTION

Chicago, Ill.

Dear Editor:

Perhaps the old practice of chaining books to prevent their being "pinched" should be restored even in these modern times, particularly publications as good as yours. If copies of the January and Midsummer 1949 issues are still available, I would appreciate having one of each to replace those which have gotten away from me.

W. J. BREMER
Western Department
Hartford Accident & Indemnity Co.

[Occasionally our supply of certain back issues runs out. In the above instance, however, we were gald to be able to comply with the writer's request.—Ed.]

SOME KIND COMMENTS

Pine Bluff, Arkansas

Dear Editor:

Just wanted to let you know that we feel that the January issue of the JOURNAL contained some mighty fine articles. We all enjoy reading the JOURNAL and feel that we are benefited considerably by doing so.

ALBERT S. ALEXANDER
E.B. & F.R. Bloom, General Agents

Cleveland, Ohio

Dear Editor:

I want to take this opportunity to thank you for the great work which you are doing in the casualty and surety field, as this JOURNAL expounds much helpful information and it also makes for pleasant reading.

FRED SCHAEFER, JR.
General Insurance

SOME GOOD IDEAS

Shelby, N. C.

Dear Editor:

I would like to take this opportunity to express my appreciation for your good magazine. Our office force reads it from cover to cover and gets some very good ideas from every issue. We enjoy each of the articles and marvel that they are so timely.

L. J. BALEY, *Manager*
Insurance Department
Union Trust Company

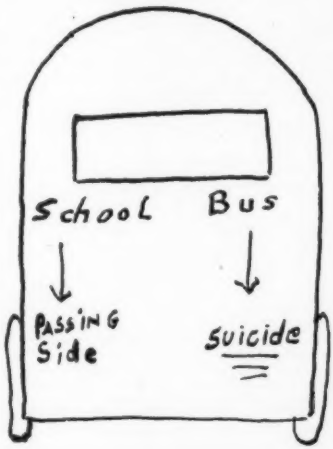
SCHOOL BUS

Jackson, Miss.

Dear Editor:

I was very impressed with the sign I saw on the back end of a Mississippi School Bus. Rough drawing attached, and the more you think of it the better the idea seems. Passing it along to you for your files.

CLAY ROBERTS
Wharton & Roberts, Agents



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Yorkshire Indemnity Company of New York

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